

NC QUARTERLY UPDATE SUMMER, 2003

TRAVEL & TOURISM

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NC RANKS 18TH IN OVERSEAS VISITATION, GAINS MARKET SHARE

The Office of Travel & Tourism Industries recently ranked North Carolina 18th in overseas visitation among U.S. states and territories for 2001-02. A summary table published by OTTI, which can be found below, includes the percent change from 2001 to 2002, as well as the market share of overseas visitors for each state and territory for both years.

The table shows that North Carolina increased its rank two spots from 20th the previous year, and increased its market share from 1.4 percent in 2001 to 1.6 percent in 2002. The table also indicates that North Carolina was one of only two states in the top 20 that did not experience a decrease in overseas visitation numbers, with Utah posting a 1 percent increase. Thirteen of the top 20 states posted double-digit percentage decreases, and five others experienced single-digit decreases. With these numbers, North Carolina ranked second behind Utah in overall overseas visitation increases among the top 20.

OVERSEAS VISITATION

2002 Rank	State/Territory Visitation	2002 Market Share	2002 Visitation	Percent Change
1	New York	23.5%	4.5 million	-11%
2	Florida	23.1%	4.4 million	-16%
3	California	21.2%	4.0 million	-16%
4	Hawaiian Islands	10.25%	1.9 million	-12%
5	Nevada	6.7%	1.2 million	-19%
6	Guam	5.6%	1.0 million	-4%
6	Illinois	5.6%	1.0 million	-4%
8	Massachusetts	4.9%	903,000	-21%
9	Texas	4.3%	822,000	-12%
10	New Jersey	3.7%	707,000	-13%
11	Pennsylvania	3.5%	669,000	-4%
12	Georgia	3.1%	593,000	-25%
13	Arizona	2.9%	554,000	-12%
14	Colorado	2.0%	382,000	-13%
15	Michigan	1.9%	363,000	-17%
15	Washington	1.9%	363,000	-8%
17	Ohio	1.7%	325,000	-17%
18	North Carolina	1.6%	306,000	0%
19	Utah	1.5%	287,000	1%
19	Virginia	1.5%	287,000	-12%

Source: ITA, Office of Travel & Tourism Industries

MARK YOUR CALENDARS FOR MID-YEAR MARKETING UPDATE

The Division's Mid-Year Marketing Update will take place September 12, 2003, at the North Raleigh Hilton. A working agenda and registration information can be found on the event's webpage at <http://www.nccommerce.com/tourism/marketing/mid-year/>. For more information, contact Donna Daughtry at 919-715-6703, or ddaughtry@nccommerce.com.

WILMINGTON GETS NEW TV SERIES, ONE TREE HILL

The Wilmington area will be bustling again with film crews as the area has secured production sites for a new WB network television series, *One Tree Hill*. WB network executives announced that the new series would make its season debut in the network's fall television lineup at 9 p.m., Tuesday nights, behind the popular *Gilmore Girls* series.

The show centers on two half brothers (played by Chad Michael Murray and James Lafferty) who become teammates on the high school basketball squad and fall in love with the same girl. WB Entertainment President Jordan Levin told *The Hollywood Reporter* that the network considers *One Tree Hill* one of the strongest pilots they've developed this year.

Producers for the show selected Wilmington, where the pilot was filmed, over Vancouver, Canada, because of the location's creative advantages and the \$750,000 in incentives raised by local film industry professionals and politicians.

According to the Wilmington Regional Film Commission, the new television series will pump millions of dollars into the local economy. The series has set up production offices on the EUE Screen Gems lot in Wilmington, where it is expected to employ more than 100 full-time film technicians and support personnel, and potentially thousands of local extras. For more information, go to <http://www.thewb.com/PressRelease/Index/0,8341,120213,00.html>.



Tourism Makes NC
a Better Place to Be

MESSAGE FROM THE EXECUTIVE DIRECTOR

HARD WORK AND COOPERATION KEEP N.C. IN THE SPOTLIGHT

by: Lynn Minges, Executive Director



As we continue to celebrate the anniversary of the Wright Brothers' first flight, we are reminded of the dedication and teamwork it took to make powered flight a reality. It is this same spirit that has kept North Carolina at the forefront of the travel industry, and it is evidenced in several key areas of our tourism program.

It is well known that North Carolina is home to a treasure trove of historic and cultural significance. Through strong and ongoing efforts, the North Carolina Heritage Tourism program continues to draw millions of historic and cultural travelers to North Carolina. Heritage and cultural travelers represent a lucrative market for destinations and attractions throughout the state, as they tend to spend more money on average per trip (\$623, not including transportation) than the average American tourist traveling within the U.S. (\$457). As an indication of the industry's diligent efforts, North Carolina has been recognized by the Travel Industry Association of America and *Smithsonian* magazine as one of the top 10 states in the country for cultural, arts, historic, and heritage destinations.

In light of North Carolina's recent recognition, the state's tourism industry continues to face numerous challenges. Factors such as ongoing conflict in the Middle East and an uncertain economy hamper our efforts to push the North Carolina tourism industry forward. Besides global and national unrest, North Carolina has also faced regional hurdles, in the form of rainy weather. However, despite the state's soggy summer so far, various N.C. travel destinations have reported positive tourism numbers.

It also speaks volumes for our international appeal to see that, according to the Office of Travel and Tourism Industries, North Carolina has increased its overseas visitation market share to 1.6 percent in 2002 from 1.4 percent in 2001, and its market share ranking to 18th in 2002 from 20th in 2001. According to their figures, North Carolina was one of only two states in the top 20 that did not experience a decrease in overall overseas visitation numbers. This justifies our strong marketing presence in Canada, Germany and the U.K., and inspires us to seek marketing opportunities elsewhere around the globe.

Our film office has also experienced some good news in that prime-time network television is returning to the Wilmington area. Following on the heels of television's widely successful *Dawson's Creek*, the WB network has started filming for a new teen basketball drama entitled *One Tree Hill*, which will begin airing this fall. The cooperation among local film industry professionals and politicians to bring the show to the North Carolina coast demonstrates the importance of keeping such productions within the state thereby boosting local and state economies.

Another positive sign that the North Carolina travel and tourism product remains in high demand is the increased participation by other members of the industry not only at recent meetings of the Travel & Tourism Board and the N.C. Association of Convention & Visitor Bureaus, but also events such as our North Carolina Tourism Day Fair in May and the I-26 Extension and Welcome Center opening in August. We are also expecting a significant turnout for our Mid-Year Marketing Update in Raleigh, September 12.

Yes, the spirit of the Wright Brothers is alive and well in North Carolina, and we hope you will share it with us as we venture ahead.

A handwritten signature in brown ink that reads "Lynn D. Minges".

Lynn D. Minges
Executive Director

THOUSANDS JOIN IN NC TOURISM DAY CELEBRATION

Governor Mike Easley joined over 100 members of the N.C. General Assembly and more than 3,000 people from across the state at the Halifax Mall in downtown Raleigh to celebrate North Carolina Tourism Day May 13. Governor Easley addressed the crowd and showed his dedication and support for the tourism industry, stating that tourism has a significant impact on North Carolina's social and economic well-being.

"This is an outstanding show of support for the North Carolina tourism industry," said Easley. "In 2002, North Carolina tourism-related businesses weathered the economy, the threat of terrorism, and a significant change in travel patterns, to remain the 6th most-visited state in the nation, and that is something to celebrate."

The Raleigh celebration included the first-ever "Battle of the Barbecues," which "pitted" eight barbecue vendors from across the state in a friendly competition judged by members of the General Assembly. To learn about all sponsors and participants, go to www.nccommerce.com/tourism/dayfair.



One of the many exhibitors at Tourism Day 2003.

NC PEPSI-COLA BOTTLERS UNVEIL COMMEMORATIVE CAN FEATURING NC DIVISION OF TOURISM WEBPAGE



As part of the N.C. Tourism Day festivities, the Pepsi-Cola Bottlers of North Carolina unveiled a commemorative can that was designed to honor the 100th anniversary of powered flight and to encourage travel to North Carolina. The Pepsi-Cola Bottlers of North Carolina are distributing 15 million of these special-edition cans across North and South Carolina and certain parts of Virginia. These beautiful cans encourage potential travelers to call 1-800-VISIT NC or go to www.visitnc.com for travel information.

"These special edition cans celebrate and honor one of mankind's and North Carolina's greatest achievements – the invention of flight," said Governor Mike Easley. "They also go a step further to promote travel across our state and show support for North Carolina's tourism industry. This is an excellent example of a successful public/private partnership."



Pepsi's George Suddath offers First Flight Pepsi cans to (from left to right) Division of Tourism Executive Director Lynn Minges, Governor Mike Easley and Secretary of Cultural Resources Libba Evans.

"We wanted to celebrate the 100th anniversary of flight and to encourage travelers to visit the place where it all began," said George Suddath, vice president of corporate affairs for Pepsi Bottling Ventures. "Pepsi was born in North Carolina just five years before the Wright Brothers first flew, so we see Pepsi and flight as natural partners, and we wanted to unveil this beautiful can on Tourism Day, to show our support for the N.C. tourism industry."

I-26 EXTENSION AND WELCOME CENTER NOW OPEN



Gov. Easley speaks at the opening of the I-26 extension and Welcome Center.

The nine-mile extension of Interstate 26 through Madison County and the new I-26 Welcome Center were opened during a special ceremony on August 5th. The new stretch of highway will fill the remaining gap in the 600 miles of highway reaching from Columbus, Ohio to Charleston, South Carolina. The project began in 1989 and cost \$250 million, making it one of the largest road projects in the state.

During the ceremony, Governor Easley also dedicated the 12-mile section of I-26 through Madison County as the "Liston B. Ramsey Freeway" in honor of the late legislator from Madison County.

The new Welcome Center features cultural heritage of the Appalachian region including furniture, exhibits and craft displays through a partnership with Handmade in America. The 5,688-square-foot center is built

with stone native to the area and is situated by a scenic overlook.

The Welcome Center program began in 1968, with two centers at I-95 North and I-85 North. The new I-26 center is the first to open since the I-77 South Welcome Center in Mecklenburg County which opened in 1985. In 2002, North Carolina Welcome Centers greeted over 9 million visitors, and the staff booked nearly \$1 million in room nights.

MANAGER HIRED FOR I-26 WELCOME CENTER IN MADISON COUNTY

Terry Gunter has been hired as the manager of the new I-26 Welcome Center in Madison County. A native of Madison County, Gunter graduated from Mars Hill College and obtained a master's degree from Western Carolina University. He has worked for the N.C. Department of Health and Human Services for almost 25 years and is looking forward to leading the newest of North Carolina's Welcome Centers, which is expected to be a gateway to the Midwest.



The new I-26 Welcome Center in Madison County.

LEGISLATIVE OVERVIEW

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This year, the North Carolina state legislature considered several tourism-related bills. When the legislature adjourned on July 20, however, very few of these bills were passed on to the Governor. The Senate will reconvene September 15-19 to consider legislation impacting economic development. Below is a brief summary of the 2003 legislation pertinent to the travel and tourism industry.

HOUSE BILL 1316

North Carolina Travel and Tourism Investment Act, did not pass the Senate. This bill would have initiated a new grant program to help finance publicly owned sports arenas, convention centers, and other projects designed to increase tourism. The grant program, which could have distributed up to \$60 million annually in tax rebates for these projects, was intended to help local governments create attractions that would lure travelers and tourists to their area, generating revenue and employment. The bill was changed numerous times in order to address concerns of some legislators that the grants would help only large cities or counties.

HOUSE BILL 855

Various Special Registration Plates, was passed by the legislature and signed by the governor. This bill will increase the fee for a personalized registration plate by \$10 to credit the increased fee revenue to the National Heritage Trust Fund and Recreation Trust Fund, and authorize the Division of Motor Vehicles to issue several new special registration plates. Several other specialized license plate bills were considered this session, including a proposed NASCAR plate, but HB 855 was the only one to pass. The current N.C. General Statutes set aside funds for the Department of Commerce to aid in financing out-of-state print and other media advertising under the program for the promotion of travel within the state.

SENATE BILL 840

North Carolina's Official International Festival, was passed and signed by the Governor. This bill adopts FolkMoot USA as North Carolina's Official International Festival and adopts the Carolina Lily as the Official Wildflower of the state.

SENATE BILL 19

Township ABC Elections, was passed and signed by the Governor. This bill amended the law regarding township alcohol beverage control elections in certain townships.

HOUSE BILL 900

Restaurant ABC Permits, was passed and signed by the Governor. This bill reduces, from 40 percent to 30 percent, the portion of total receipts that must come from food at restaurants that serve alcoholic beverages.

HOUSE BILL 694

Aviation Hall of Fame and Aviation Museum, was passed and signed by the governor. This bill would designate the Asheboro Municipal Airport as the official location of the N.C. Aviation Hall of Fame and the N.C. Aviation Museum, and designate the Wilmington International Airport as the official location of the N.C. Museum of Aviation.

SENATE BILL 497

Mount Airy Revisions/Blowing Rock Occupancy Tax, was passed and signed into law, as were **HOUSE BILLS 1025** and **1078**, which authorize the additions of the Haw River State Park and the Mayo River State Park to the North Carolina State Parks system.

Other legislation besides the Tourism Incentive Act that did not pass this session include:

HOUSE BILL 96

Avery County Occupancy Tax

HOUSE BILL 343

Mitchell River Rafting User Tax

HOUSE BILL 457

Jacksonville Occupancy Tax

HOUSE BILL 690

Leland Occupancy Tax

HOUSE BILL 1165

Beach Preservation & Restoration Act

HOUSE BILL 1222

Agribusiness and Tourism Job Training

Also, none of the bills providing for school start dates after Labor Day passed during this session.

For more information on legislation considered by the N.C. General Assembly, go to <http://www.ncga.state.nc.us/homePage.pl>.

2003 CALENDAR OF MEETINGS AND SPECIAL EVENTS

N.C. Economic Development Board Meeting	Aug. 20-21, 2003	Asheville, NC
ESTO Conference	Aug. 23-26, 2003	Asheville, NC
American Society of Association Executives	Aug. 23-26, 2003	Honolulu, HI
Travel Media Showcase	Sept. 2-5, 2003	Chicago, IL
N.C. Film Council Meeting	Sept. 3, 2003	Raleigh, NC
HSMAI's Affordable Meetings	Sept. 3-4, 2003	Washington, DC
STS Annual Meeting	Sept. 4-6, 2003	Roanoke, VA
Meeting Professionals International – Carolinas Chapter	Sept. 11-12, 2003	Charlotte, NC
Mid-Year Marketing Update	Sept. 12, 2003	Raleigh, NC (N. Raleigh Hilton)
N.C. Travel & Tourism Board Meeting	Sept. 12, 2003	Raleigh, NC
NCACVB	Oct. 2-3, 2003	Concord, NC
Cycle North Carolina	Oct. 4-11, 2003	Boone to Oak Island, NC
Association of Film Commissioners International "Cineposium"	Oct. 11-15, 2003	San Diego, CA
Tour America	Oct. 12, 2003	Dublin, Ireland
TIA's Marketing Outlook Forum	Oct. 20-22, 2003	Austin, TX
Ontario Motorcoach Association	Oct. 27-30, 2003	Toronto, Canada
Rhythms of the South	Oct. 30-Nov. 1, 2003	Nashville, TN
International Golf Show	Nov. 6-9, 2003	Toronto, Canada
Travel Council of N.C. Tourism Leadership Conference	Nov. 10-12, 2003	Winston-Salem, NC
World Travel Market	Nov. 11-14, 2003	London, England N.C.
Economic Development Board Meeting	Nov. 12-13, 2003	TBA
Meeting Professionals International – Carolinas Chapter	Nov. 13-14, 2003	Fayetteville, NC
International Golf Show	Nov. 14-16, 2003	Toronto, Canada
Fall & Travel Leisure Show	Nov. 14-16, 2003	Toronto, Canada
NTA's Annual Convention	Nov. 14-19, 2003	Charlotte, NC
N.C. Travel & Tourism Board Meeting	Nov. 18, 2003	Raleigh, NC
NCACVB	Dec. 4-5, 2003	Pinehurst, NC
STS Board Meeting	Dec. 8-9, 2003	Atlanta, GA
Association Executives of N.C. Trade Show	Dec. 10-11, 2003	Raleigh, NC
First Flight Centennial Celebration	Dec. 12-17, 2003	Kitty Hawk, NC

NORTH CAROLINA TRAVEL TRACKER: SECOND QUARTER 2003

Numbers for the second quarter experienced an overall increase from the first quarter of 2003 due to the summer travel season. State attractions, state park attendance and airline travel experienced the most significant decreases from the previous year.

Categories	Second Quarter 2003	% +/- Previous Second Quarter
Top 25 NC Attractions	12,487,257	-7.6%
Airport Deplanements	4,512,227	-8.3%
Airport Enplanements	4,536,561	-8.2%
Hotel/Motel Occupancy	59.3	-1.6%
Average Daily Room Rate	\$67.10	0.1%
Revenue Per Available Room	\$39.80	-1.5%
Welcome Centers	2,592,148	0.1%
Regional Visitor Centers	1,034,625	13.6%
State Parks	3,661,085	-28.5%
N.C. Historic Sites	N/A	

The North Carolina Division of Tourism, Film and Sports Development is committed to a high level of communication with the taxpayers of North Carolina, the North Carolina travel industry and related businesses, and the traveling public. We encourage you to share this publication with other members of your staff and community.

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